

## Proximus Group financial results – Second quarter 2021

### Proximus Group delivers strong commercial trends with a return to top line growth in the second quarter and confirms its full year guidance

- **Sustained solid subscriber growth in Q2 '21: +48,000 Mobile postpaid, +10,000 Internet, +12,000 TV.**
- **Accelerating growth in Fiber consumer base to +14,000 in Q2, total base of 90,000 end June.**
- **Fast-tracking Fiber roll-out: +89,000 premises passed, totaling 621,000. Footprint crossing 10% of total Belgian premises.**
- **Underlying Domestic revenue of EUR 1,080 million, +2.4% year-on-year.**
- **TeleSign continued double-digit revenue growth, +22.5% for Q2 on constant currency.**
- **BICS sees quarterly trend noticeably improving on annualizing Covid-19 headwind, Q2 revenue +2.5%.**
- **Underlying Group EBITDA totaled EUR 459 million, -3.7% compared to the year before.**
- **Solid six months normalized FCF of EUR 262 million.**
- **Mobile Vikings has been integrated in the Proximus Group since June**
- **Full-year 2021 guidance confirmed.**

[Read the full Q2 Financial Report here](#)

#### Highlights Q2 2021

- Proximus closed the second quarter of 2021 with **another strong commercial performance for its core Telecom services**, adding +48,000 Mobile postpaid cards, +10,000 Internet and +12,000 TV subscriptions to the Group. Within the Consumer segment, the traction for higher-value offers continued, growing the convergent base by +18,000 customers to a total of 1,163,000, +6.6% compared to 12 months ago. An additional +14,000 Consumer customers signed up for a Fiber product, bringing the total up to 90,000. Over the second quarter, +142,000 customers opted for a Flex offer, bringing the total Flex subscriptions to 619,000. Reflecting changing customer needs, the Consumer base for Fixed Voice lines eroded by -37,000 in the second quarter of 2021.
- Proximus **grew its underlying Domestic revenue by +2.4% to EUR 1,080 million**. On an organic basis, i.e. excluding the revenue contribution from Mobile Vikings, the Domestic revenue was up by +2.0%. The trend improvement from prior quarters was demonstrated across all Domestic customer segments: Consumer revenue +2.3% (+1.4% organic), Enterprise revenue +3.5% and Wholesale revenue +0.4% compared to one year back.
- Proximus' Domestic EBITDA totaled EUR 430 million for the second quarter of 2021, **-2.7% below the previous year**, with the increase in Domestic direct margin (+1.4%) more than offset by expenses which were up by +6.4%, lapping an exceptionally low 2020 baseline impacted by Covid-19 restrictions (EUR 13 million) and a one-off provision release (EUR 6 million). Moreover, expenses were up on higher customer interactions (a.o. Fiber migrations, Flex and technical support), Proximus' ongoing transformation and the cloudification effects. This was in part offset by the ongoing cost efficiency program focused on non customer impacting areas. On an organic basis, the Domestic EBITDA was -3.0% lower year-on-year.
- **TeleSign posted EUR 77 million of revenue** over the second quarter of 2021, a year-on-year increase of 12.8% and **+22.5% on a constant currency basis\*** driven by both Programmable Communications and Digital Identity services. The **EBITDA totaled EUR 4 million**, including a ramp up of investments to support its growth strategy.

- **BICS grew its second-quarter revenue by 2.5% to EUR 242 million**, a noticeable trend improvement on the annualized Covid-19 headwind. BICS showed good resilience in a competitive market, with Core services revenue up by +26.4% on a lower comparable base, benefitting from high A2P volumes combined with a favorable destination mix. This was partly offset by the ongoing erosion in revenue from Legacy services. BICS' EBITDA totaled EUR 26 million for the second quarter of 2021, up by 2.6%.
- In aggregate, the underlying **Group EBITDA for the second quarter of 2021 totaled EUR 459 million, -3.7% compared to the year before**, with a Group EBITDA margin of 33.5%. On organic basis, the Group EBITDA was lower by -4.0%.
- Excluding spectrum and football broadcasting rights, **Proximus' accrued Capex over the second quarter of 2021 totaled EUR 272 million, bringing the total over the first six months of 2021 to EUR 497 million**. The year-on-year increase by EUR 79 million was in large part driven by the ongoing Fiber deployment. With Proximus' roll-out further accelerating, an additional +89,000 premises were passed with Fiber bringing the Proximus Fiber footprint to a total of 621,000 premises passed by end June 2021, representing a Fiber coverage of just over 10%.
- Over the second quarter of 2021, Proximus Group posted a Free Cash Flow of EUR -11 million, including the cash-out for the acquisition of Mobile Vikings. Excluding this, the second quarter 2021 normalized FCF totaled EUR 119 million, bringing the total normalized **FCF over the first six months of 2021 to EUR 262 million**. This compares to a normalized FCF of EUR 254 million over the first half of 2020.

\* Provides a more correct view on the business performance, filtering out the currency effects by using a constant currency for USD-EUR impacts. The method used has been finetuned from the first quarter to be aligned with the TeleSign management reporting.

## Guillaume Boutin, CEO of the Proximus Group:

*"With continued solid customer growth, we are well on track to deliver on our outlook for the year."*

*"I would like to open this quarter's result looking back to the recent devastating floods in Belgium. My thoughts go to all the victims and their families in the affected regions. At the same time, over the past 2 weeks, I have been astonished by the commitment of many Proximus colleagues. These events have unveiled, once again, the important societal role we play, firstly through our infrastructure and the connectivity it provides, but also more broadly as a key part of the Belgian economic fabric of society. The last two weeks have also sent us a vivid reminder of our climate vulnerability and the relevance of our sustainability ambition as part of our #inspire2022 strategy.*

*Looking back at the second quarter, we saw strong continued commercial traction for our products and services. In a highly competitive setting, we delivered another consecutive quarter of customer growth for our main telecom customer bases. This is especially true for the premium segments of the market, as demonstrated by the nice increase in our TV base by +12,000 subscriptions. We also closed another strong quarter for Mobile, growing the Postpaid base by 48,000 subscriptions. These results demonstrate solid mobile growth on the Enterprise segment as well as the continued success of our Flex range, reaching 619,000 subscriptions. Our Consumer convergence base grew by 18,000 over the quarter, with customers generating a higher-than-average ARPC.*

*With the green light received from the Belgian Competition Authority, I am delighted to welcome Mobile Vikings to the Proximus family, the leading brand for the Belgian digital lovers and perfectly complementing our Scarlet and Proximus offers.*

*Our Fiber acceleration is delivering according to plan. During the second quarter, we brought the average weekly deployment up to 7,400 homes and business passed, leading to an additional 89,000 premises passed with Fiber and bringing our coverage to just over 10%. The superiority of Fiber was clearly demonstrated in June with a 25Gbps world-record in Antwerp, and this is also materializing in our customer*

numbers. Over the second quarter of 2021, we recorded 14,000 Fiber net adds, totaling 90,000 customers on our Consumer Fiber offers at end June 2021.

As announced yesterday, I'm happy that our Fiber partnership for the southern part of Belgium with Eurofiber has been cleared by the European authorities. The newly created joint-venture Unifiber will pass at least 500,000 premises with Fiber by 2028. With our two Fiber partnerships now being operational, and the ramp up of our own Fiber deployment, we are well on track to realize our ambition to pass a total of 4.2 million premises in Belgium by 2028.

As for our Enterprise segment, the ongoing transformation is being well-managed, with its effects offset by continued strong results for Telecom services. Specifically, for ICT, the increased digital adoption is bringing structural opportunities with a particular focus on cloud, security, IoT and collaboration. In that context, our converged Telco-ICT solutions and our emerging end-to-end servicing offers are leading to an increasing share of higher margin ICT Service revenues.

Beyond our domestic operations, TeleSign continued to show strong revenue growth, up by 22.5% on a constant currency basis, driven by both Programmable Communications and Digital Identity services. The second quarter ended with a strong sales pipeline, which will support a continued double-digit revenue trajectory in the second half of the year.

With the Covid-19-effect on worldwide travel annualized, our segment BICS showed a noticeable trend improvement from previous quarters. Especially revenue from BICS' core services showed a strong increase compared to the previous year, driven by the solid growth in Application-to-Person messaging and Cloud Communications, both in the Telecom and Digital enterprise market.

Overall, we are very pleased with our strategic progress and the financial results achieved so far in 2021. For the remainder of the year, there is still some uncertainty on the speed of recovery from Covid-19 restrictions. Despite this uncertainty we are confident to meet our full-year guidance, expecting for 2021 on an organic basis an Underlying Domestic revenue close the level of 2020, an Underlying Group EBITDA between EUR 1750-1775 million and Capex, excluding spectrum and football rights, close to EUR 1.2 billion. The level of Net debt/EBITDA is expected to remain below 1.6X."

## Key figures

Operational (‘000)	Net adds in the quarter			Park at end of quarter		
	2020	2021	%	2020	2021	%
<b>Fiber Home Passed</b>	39	89		346	621	79.6%
<b>Consumer customers</b>						
Convergent	12	18		1,091	1,163	6.6%
Fiber (activated)	5	14		49	90	84.7%
<b>Group (subscriptions/SIM cards)</b>						
Internet	19	10		2,108	2,158	2.4%
TV	11	12		1,652	1,702	3.0%
Fixed Voice	-22	-49		2,327	2,099	-9.8%
Mobile Postpaid (excl. M2M)	45	48		4,178	4,553	9.0%
M2M	175	507		2,085	3,033	45.5%
Prepaid	-36	-11		655	728	11.3%

Financials (EUR million)	2nd Quarter			Year-to-date		
	2020	2021	% Change	2020	2021	% Change
<b>Group Revenue (underlying)</b>	<b>1,330</b>	<b>1,370</b>	<b>3.0%</b>	<b>2,723</b>	<b>2,737</b>	<b>0.5%</b>
of which Domestic	1,054	1,080	2.4%	2,158	2,164	0.3%
of which BICS	236	242	2.5%	493	477	-3.3%
of which TeleSign	68	77	12.8%	126	154	21.4%
<b>Group Direct Margin (underlying)</b>	<b>880</b>	<b>890</b>	<b>1.1%</b>	<b>1,786</b>	<b>1,784</b>	<b>-0.2%</b>
of which Domestic	808	819	1.4%	1,636	1,644	0.5%
of which BICS	56	55	-1.3%	117	109	-7.0%
of which TeleSign	20	18	-11.1%	39	37	-7.0%
<b>Group Expenses (underlying)</b>	<b>-403</b>	<b>-430</b>	<b>6.7%</b>	<b>-845</b>	<b>-878</b>	<b>3.9%</b>
of which Domestic	-366	-390	6.4%	-766	-797	4.0%
of which BICS	-31	-30	-4.5%	-64	-60	-5.3%
of which TeleSign	-10	-15	39.9%	-21	-27	28.2%
<b>Group EBITDA (underlying)</b>	<b>477</b>	<b>459</b>	<b>-3.7%</b>	<b>941</b>	<b>905</b>	<b>-3.8%</b>
<b>as % of revenue</b>	<b>35.9%</b>	<b>33.5%</b>	<b>-2.3 p.p.</b>	<b>34.6%</b>	<b>33.1%</b>	<b>-1.5 p.p.</b>
of which Domestic	442	430	-2.7%	870	848	-2.6%
of which BICS	25	26	2.6%	53	48	-9.1%
of which TeleSign	10	4	-63.8%	18	9	-48.1%
<b>Group EBITDA (reported)</b>	<b>501</b>	<b>476</b>	<b>-5.0%</b>	<b>996</b>	<b>936</b>	<b>-6.0%</b>
<b>Net income</b>	<b>150</b>	<b>118</b>	<b>-21.4%</b>	<b>308</b>	<b>241</b>	<b>-21.8%</b>
<b>Accrued capex</b> (excl. spectrum & football rights)	<b>187</b>	<b>272</b>	<b>45.6%</b>	<b>418</b>	<b>497</b>	<b>18.9%</b>
<b>FCF</b> (normalized)	<b>102</b>	<b>119</b>	<b>17.1%</b>	<b>254</b>	<b>262</b>	<b>3.1%</b>
<b>Net Debt</b> (end of period)	<b>n.r.</b>	<b>n.r.</b>		<b>-2,289</b>	<b>-2,673</b>	<b>-16.8%</b>

- Group revenue, Direct margin, Operating Expenses and EBITDA include intersegment eliminations.
- Normalized FCF excludes M&A impacts but includes Fiber equity injections.
- Mobile Vikings has been included in the Proximus Group consolidated financial statements as a fully consolidated subsidiary since 1 June 2021. This transaction affects the comparability of the figures for the current period with the prior-year figures. Where relevant, the comments in the report refer to the organic variance.
- The mobile park includes customers acquired on 1 June 2021 related to the acquisition of Mobile Vikings, raising the Mobile Postpaid base by 191,000 and the Prepaid base by 144,000.

## Outlook 2021 and shareholder return

Based on the results for the first six months and taking into account its best estimate for the remainder of the year, with ongoing uncertainty around Covid-19, Proximus reiterates its 2021 expectations on organic basis, i.e. excluding the contribution of Mobile Vikings.

Guidance metric	FY20 Actuals	FY21 Guidance	Q2'21 YTD Actuals (excl. Mobile Vikings)
Underlying Domestic revenue	€ 4,356M	Close to the 2020 level	€ 2,160M
Underlying Group EBITDA	€ 1,836M	€ 1,750-1,775M	€ 904M
Capex (excluding Spectrum & football rights)	€ 1Bn	Close to € 1.2Bn	€ 497M
Net debt / EBITDA	1.28X	< 1.6X	nr

Note: following the reporting changes (see full report, section 9.1), the full-year 2020 underlying Domestic revenue was adjusted accordingly. The full-year 2021 guidance remains unchanged.

Proximus reiterates its intention to return over the result of 2021 and 2022 an annual gross dividend of EUR 1.2 per share, to be considered as a floor.

More information on [www.proximus.com/press](http://www.proximus.com/press)

Press Relations department: +32 2 202 44 44

Haroun Fenaux  
+32 476 60 03 33

Fabrice Gansbeke  
+32 472 050 702



E-mail: [press@proximus.com](mailto:press@proximus.com)

### About Proximus

Proximus Group (Euronext Brussels: PROX) is a provider of digital services and communication solutions operating in the Belgian and international markets. Delivering communication and entertainment experiences for residential consumers and enabling digital transformation for enterprises, we open up a world of digital opportunities so people live better and work smarter. Thanks to advanced interconnected fixed and mobile networks, Proximus provides access anywhere and anytime to digital services and data, as well as to a broad offering of multimedia content. Proximus is a pioneer in ICT innovation, with integrated solutions based on IoT, Data analytics, cloud and security.

Proximus has the ambition to become the reference operator in Europe through next generation networks, a truly digital mindset and a spirit of openness towards partnerships and ecosystems, while contributing to a safe, sustainable, inclusive and prosperous digital Belgium.

In Belgium, Proximus' core products and services are offered under the Proximus and Scarlet brands. The Group is also active in Luxembourg as, under the brand names Tango and Telindus Luxembourg, and in the Netherlands through Telindus Netherlands. The Group's international carrier activities are managed by BICS, a leading international communications enabler, one of the key global voice carriers and the leading provider of mobile data services worldwide. With TeleSign, the Group also encompasses a fast-growing leader in digital identity services, serving the world's largest internet brands, digital champions and cloud native businesses.

With 11,423 employees, all engaged to offer customers a superior experience, the Group realized an underlying Group revenue of EUR 5,479 million end-2020.

For more information, visit [www.proximus.com](http://www.proximus.com) & [www.proximus.be](http://www.proximus.be).